

Part I

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All Wards

WELWYN HATFIELD BOROUGH COUNCIL
SPECIAL COUNCIL – 24 MARCH 2023
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE & TRANSFORMATION)

FUNDING OF AN AMENDMENT TO A MOTION APPROVED AT THE COUNCIL
MEETING OF 15 MARCH 2023

1 Executive Summary

- 1.1 On 1 February 2023, the Council approved the budget proposals for 2023/24, including the Special Expenses Charges for 2023/24. The Council Tax Calculations were approved based on the approved budget, council tax requirement and special expenses, on 22 February 2023.
- 1.2 Prior to the Council meeting on 15 March, written notice was given of a motion for a cross party panel group to be set up to review the impact of the price increase with a view to informing the 2024/25 budget and for the setting up of an allotment users' panel with the council to steer the ongoing management of the allotments under the Council's control.
- 1.3 Subsequently, written notice was given of a motion to amend the motion.
- 1.4 At the Council meeting of 15 March 2023, a motion without notice was tabled and approved to suspend two council procedure rules. This suspension enabled a second motion without notice to debate and amend the increase in allotment fees which had been included in the approved budget decision. This amendment was approved.
- 1.5 Whist funding was acknowledged during the debate, the funding source for the change was not included in the motion or determined through the debate, and therefore the budget is currently underfunded by £26.4k.
- 1.6 Officers worked during the meeting to consider some of the financial implications of the motion, and the Section 151 Officer provided advice that the effect of reopening the budget decision to amend the allotment charges, whilst not having a material impact on the financial sustainability of the Council, would impact on the special expenses and therefore the council tax calculations. Advice was also provided that this would then lead to the requirement to re-approve the Council Tax Resolution and the rebilling of Council Tax for all properties in the Borough.
- 1.7 Due to the fact that the advice was provided with short notice, there was not sufficient time to consider all of the potential financial implications and options available. Following the meeting, further consideration has been given to the financial implications of re-billing, which are set out in the financial implications of this report. Further consideration has also been given to finding a funding solution for the approved motion, that will enable the charges to be amended in line with the motion, without the need to reopen the budget decision.

1.8 This report sets out the considerations and recommendations for the funding of the amendment to the allotment fees and charges.

2 Recommendation(s)

2.1 That Council note the financial implications, and approach to these implications, if the recommendations of this report are not approved.

2.2 That Council note that this report is presented to supplement and adjust decisions taken recently, in a way which enables the required outcomes to be achieved, without the rebilling of council tax.

2.3 That Council, in accordance with the motion to amend, which was approved at the meeting of 15 March 2023, and in line with the inflationary factors applied to other fees and charges, approve the fees and charges for allotments for 2023/24 as set out in section 3.5 of the report.

2.4 That Council approve that the reduction in income be funded from a reduction to the allotment expenditure budget, so as not to impact on the special expenses calculation and therefore the council tax calculation.

3 Background

Effect of motion

3.1 On 1 February 2023, the Council approved the budget proposals for 2023/24, including the Special Expenses Charges for 2023/24. The Council Tax Calculations were approved, based on the approved budget, council tax requirement and special expenses, on 22 February 2023.

3.2 At the Council meeting of 15 March 2023, a motion without notice was tabled and approved to suspend two council procedure rules. A second motion without notice to debate and amend the increase in allotment fees which had been included in the approved budget decision, was also approved.

3.3 The effect of the motion to reopen the fees and charges, which was part of the overall budget decision, would also have the consequence of impacting on the special expenses and therefore the council tax setting, without finding a solution to fund the increase in a way which does not impact on the special expense's calculation.

Allotment Fees and Charges and Shortfall in Funding

3.4 The agreed amendment to the motion reversed the increase in the allotments fees and charges, and replaced this with an increase in line with inflation.

3.5 The table below shows the fees and charges for approval, on the basis of the amendment to the motion, and the standard inflationary increases used for the budget setting process.

	2022-23	2023-24	%
Description	Fee	Fee	
Allotments per annum			
Plot without water per 25sqm	7.50	8.30	10.7%
Plot with water per 25 sqm	12.50	13.80	10.4%

- 3.6 The income that will be generated from this increase, is around £2.6k.
- 3.7 The original savings proposal was to the value of £29k. This means there is a shortfall in funding of the budget of £26.4k.

Special Expenses and Funding Recommendation

- 3.8 Special Expenses are a mechanism to ensure equity of charges and prevent the double taxation of services. They are applied in areas where the provision of services is split between the Borough Council and Town and Parish Councils, to prevent those in town and parish areas paying taxes which contribute towards the subsidy of services which are not provided in their locality by the Borough Council, when they are already paying taxes to their town or parish council which contribute towards the subsidy of those same services that are in their locality.
- 3.9 The special expenses scheme was set up in consultation with town and parish councils, to ensure fairness and equity, and consideration was given to which services were provided by both the borough and the town and parishes. The calculation of special expenses removes any net expenditure associated with these services, from the standard district council tax charge. This expenditure is then charged only to those areas benefiting from those local services, in the form of a special expenses charge in the council tax bills.
- 3.10 The effect of reducing the allotment fees and charges as part of the budget decision, would mean that the allotment income budget would be reduced, which was part of the same report and decision. In turn, this would mean that the net expenditure associated with the allotments would increase, and therefore amend the special expenses calculation.
- 3.11 If the decrease to the allotment income budget, was funded from elsewhere in the budget, for example by use of reserve or by means of virement, this would not change the net expenditure recorded against allotments or the requirement to recalculate the special expenses, it would only change the way by which the council has balanced its budget.
- 3.12 The only way to ensure that the special expenses do not have to be recalculated, is to ensure the net expenditure for the service remains the same. Therefore the recommendation is to reduce the expenditure associated with the allotments service by £26.4k.
- 3.13 The detail on how savings would be generated within the service have yet to be determined, but officers will consider the options available, and would engage with allotment holders and members as required, dependant on the level of impact of any proposals.
- 3.14 Taking this approach would prevent the need to recalculate and rebill council tax.

Implications

4 Legal Implication(s)

- 4.1 The Council is required by the Local Government Finance Act 1992 to make estimates of gross revenue expenditure and anticipated income, leading to a

calculation of a budget requirement and the setting of an overall budget and Council Tax.

- 4.2 The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Tax payers and ratepayers on the one hand and the users of Council services on the other are both taken into account.
- 4.3 The effect of the amendment to the motion without consideration to funding has reopened the previous budget decision, and therefore council tax decision. This report seeks to close this matter without the need for recalculating the council tax, which the Council is required to set by 11th March each year.

5 Financial Implication(s)

- 5.1 The medium-term financial forecasts suggest the Council is required to find a further £2.1m of savings on the general fund by 2024/25 in order to live within its means and maintain a reasonable cushion in reserves. This is forecast to increase to £5.7m by 2026/27.
- 5.2 This is a significant challenge and whilst the focus remains on safeguarding services it may not be possible to find efficiencies of this magnitude and guarantee no impact upon essential services.
- 5.3 Should the report be approved, there would be no overall financial implications to the council in both the short and medium-term, as the income and expenditure changes would be neutral.
- 5.4 On the basis that recommendations of this report will not require a change to the special expenses and council tax calculations, or to the use of reserves, the Section 151 Officer will make a budget adjustment after the 1 April 2023, using the *In Year Budgetary and Reserve Controls* and the *Scheme of Virement*, as set out in sections 4.3 and 4.4 of the financial regulations, rather than amending the budget decisions and papers.
- 5.5 As detailed proposals on how the savings on expenditure are not yet available, there is a risk that the savings may not be fully achievable. This risk is considered to be small and would not have significant financial implications for the Council, or on the assessment of risk for the setting of the minimum reserves level. Any underachievement of savings would need to be managed in line with the *In Year Budgetary and Reserve Controls* of the Financial Regulations, and then be reconsidered as part of the 2024/25 budget setting process.
- 5.6 Should the recommendations not be approved, or, if alternative funding for the reduction in income is proposed and agreed, this would have the effect of amending the approved budget, rather than the approach outlined above. This in turn would require the special expenses to be recalculated, along with the recalculation and rebilling of council tax for all properties in the Borough.
- 5.7 There are a number of financial implications of rebilling the council tax, some of which were highlighted during the Council meeting on 15 March 2023. Further investigation has been done on these implications, which are set out as follows.

- 5.8 There would be costs associated with printing and posting revised council tax bills to all properties in the borough. This is estimated to be in the region of £50k-£60k in 2022/23.
- 5.9 The reissuing of bills would mean that the 14 days notice has not been provided to direct debit payers, to be able to process direct debits on 3 April 2023. This would have cashflow implications for the council, and instalments would need to be rescheduled over the course of the year. Initial review would suggest additional short-term borrowing for cash-flow purposes would be required, which would cost in the region of £30k-£40k in 2023/24.
- 5.10 In order to reissue bills, the system would have to be updated. This is not something the Council have had to do before, so investigations have taken place on the requirements. We would need to purchase a special programme, provided by the system provider, which is tailored to local circumstances using the professional services of the system provider. We are awaiting a quote for this, but it would not be unreasonable to assume between £10k-£30k in 2022/23. It is likely this work would be completed over a weekend, requiring additional payments to be made to the contractor, estimated in the region of £1k.
- 5.11 A consequence of updating the system, is that some of the work undertaken after the date of billing (27 February 2023), will need to be redone. As this has not happened before, it is unclear on the level of work required, but it would be reasonable to assume that, as it will be over three weeks since billing took place, it would cost at least a week's worth of additional resourcing to redo some of the work, but could be anything up to the equivalent of three weeks' work. This would cost in the region of £41k-£125k in 2023/24.
- 5.12 The reprocessing of work, would also put significant pressures on the service and reduce performance, at a time when the service is moving to a new contractor. It is likely that the contractor would not be able to resource this level of work quickly, on top of the day to day activities, due to recruitment challenges in this field. Therefore the costs would be spread over the course of 2023/24, and performance would suffer for an extended period, including longer processing times of benefits payments and council tax support, critical services to some of the boroughs most vulnerable residents.
- 5.13 Overall therefore, the estimated cost of rebilling is between £132k and £256k. These would need to be funded from general or earmarked reserves.

6 Human Resources Implication(s)

- 6.1 There are no direct Human Resources implications arising from this report.

7 Risk Management Implications

- 7.1 This report seeks to mitigate the risk of needing to rebill the council tax. If it is not approved, the council tax will need to be rebilled which would be considered to be a significant financial implication.
- 7.2 As outlined more fully in the financial implications, there is a risk that the savings will not be fully achieved, however risk is considered to be small and would not have significant financial implications for the Council.

8 Security & Terrorism Implication(s)

8.1 There are no direct security & terrorism implications arising as a result of this report.

9 Procurement Implication(s)

9.1 There are no direct procurement implications arising as a result of this report.

10 Climate Change Implication(s)

10.1 There are no climate change implications arising as a result of this report.

11 Link to Corporate Priorities

11.1 The subject of this report is linked to the efficient delivery of all of the Council's Corporate Priorities.

12 Equality and Diversity

12.1 An Equalities Impact Assessment (EqIA) was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies which would place impacts on protected groups. An equalities impact assessment would be completed for any proposals and options to achieve the savings as appropriate.

13 Communication and Engagement

13.1 Further communication will be provided to allotment holders after the outcome of this meeting.

13.2 Should any of the savings proposals impact on the service to an extent where is felt engagement would be appropriate, officers would engage with allotment holders and members as appropriate.

14 Health and Wellbeing

14.1 It is acknowledged allotments provide a source of wellbeing to allotment holders, however, there are no direct health and wellbeing arising as a result of the recommendations in this report.

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